



# Offer In Compromise Instruction Booklet

*State of North Carolina  
Department of Revenue*

## Help Preparing an Offer In Compromise

- This Booklet provides instructions for taxpayers preparing an Offer In Compromise.
- Additional instructions and web-fill versions of forms are available on the Department's web-site at [www.ncdor.gov](http://www.ncdor.gov).
- Contact a Customer Service agent at 1-877-252-3052 for assistance with specific questions.

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## What is an Offer in Compromise?

The North Carolina Offer In Compromise program allows qualifying, financially distressed taxpayers the opportunity to put overwhelming tax liabilities behind them by paying a lump sum amount in exchange for the liability being settled in full. The law provides specific requirements for accepting an offer. The goal of the Offer In Compromise program is to resolve a liability in a way that is in the best interest of both the State and the taxpayer.

You are required to provide reasonable documentation of financial condition and ability to pay with your request for an offer. A complete review of your current financial situation will be conducted as a part of the offer process. You will be required to complete and submit forms detailing your income,

expenses, assets and liabilities. You will also be required to substantiate the information on these forms with documents such as pay stubs, loan records, etc.

During the review of your financial condition, the Department will estimate how much it can collect over time if the offer is not accepted. The review must indicate that your financial situation prevents full payment for the foreseeable future.

An offer will not be considered if it is determined that the offer was filed for the purpose of delaying collection or otherwise jeopardizing the Department's ability to collect the tax debt.

Forced collection actions, such as garnishments, in effect at the time you submit your offer, will not automatically be

suspended during the review period. Interest and penalty will continue to accrue on any unpaid tax debt while the offer is being considered.

This booklet provides instructions, forms and other materials you will need to submit a request for an offer in compromise. If you have questions or need additional assistance, please contact the Department at 1-877-252-3052 or visit our website at: [www.ncdor.gov](http://www.ncdor.gov).

**All requests for offers in compromise should be submitted to:**

**NC Department of Revenue  
Attn: OIC Unit  
1500 Pinecroft Rd., Suite 300  
Greensboro, NC 27407-3724**

## Do I Need Professional Assistance to Submit an Offer?

The NC Offer In Compromise program is designed to be completed by taxpayers with assistance from NCDOR personnel. We encourage taxpayers to seek assistance from our

Customer Service agents at: 1-877-252-3052.

While you are welcome to seek professional assistance, the NC Offer In Compromise program is

designed to meet the needs of taxpayers acting on their own behalf.

## Statutory Basis for Offer in Compromise

NC Gen. Stat. 105-237.1 provides the authority for the Secretary of Revenue to entertain an offer in compromise:

§ 105-237.1. Compromise of liability.

(a) Authority. – The Secretary may compromise a taxpayer's liability for a tax that is collectible under G.S. 105-241.22 when the Secretary determines that the compromise is in the best interest of the State and makes one or more of the following findings:

(1) There is a reasonable doubt as to the amount of the liability of the taxpayer under the law and the facts.

(2) The taxpayer is insolvent and the Secretary probably could not otherwise collect an amount equal to or in excess of the amount offered in compromise. A taxpayer is considered insolvent only in one of the following circumstances:

a. It is plain and indisputable that the taxpayer is clearly insolvent and will remain so in the reasonable future.

b. The taxpayer has been determined to be insolvent in a judicial proceeding.

(3) Collection of a greater amount than that offered in compromise is improbable, and the funds or a substantial portion of the funds offered in the settlement come from sources from which the Secretary could not otherwise collect.

(4) A federal tax assessment arising out of the same facts has been compromised with the federal government on the same or a similar basis as that proposed to the State and the Secretary could probably not collect an amount equal to or in excess of that offered in compromise.

(5) Collection of a greater amount than that offered in compromise would produce an unjust result under the circumstances.

(6) The taxpayer is a retailer or a person under Article 5 of this Chapter; the assessment is for sales or use tax the retailer failed to collect or the person failed to pay on an item taxable under G.S. 105-164.4(a)(10) through (a)(15), and the retailer or person made a good-faith effort to comply with the sales and use tax laws. This subdivision expires for assessments issued after July 1, 2020.

(7) The assessment is for sales tax the taxpayer failed to collect or use tax the taxpayer failed to pay as a result of the change in the definition of retailer or the sales tax base expansion to (i) service contracts, (ii) repair, maintenance, and installation services, or (iii) sales transactions for a person in retail trade. The Secretary must determine that the taxpayer made a good-faith effort to comply with the sales and use tax laws. This subdivision applies to assessments for any reporting period beginning March 1, 2016, and ending December 31, 2022.



# Step 1

## Basic Requirements

Please review the following statements. Each statement must be "True" in order for the Department to process your offer request. If your response to any of these statements is "False," your offer cannot be processed at this time.

1. You have filed **all** required tax returns and reports.
2. You have received a final notice of assessment for all NC state taxes that you owe.

3. You are not the subject of an open or active bankruptcy case.
4. You have filed the current year's tax return(s) and paid any liabilities shown due in full. The current year's return is the return most recently due.

**If you answer "False" to any of these 4 statements, **STOP**. Your offer cannot be processed at this time.**

## Preparing to Submit an Offer

# Step 2

1. You must file all tax returns that you were legally required to file prior to submitting the offer. All returns required for the current year must also be filed and any liabilities shown due paid in full. If you did not file a return for a prior period because you were not legally required to file, you must include a detailed explanation of circumstances with the offer. All tax returns that become due while the offer is pending must be filed and paid in full by the due date.
2. All estimated payments (if required) must be paid to date for the current year.
3. The [OIC-100](#) and [RO-1062](#) (Collection Information Statement for Individuals) or [RO-1063](#) (Collection Information Statement for Businesses) must be completed and signed with appropriate identification numbers and all sections completed. Items that do not apply to you should be notated with "N/A." If your source of funds is "third party," please attach form [OIC-102](#) to your [OIC-100](#).

Documents that must be included with the Collection Information Statement are:

- If wage earner, last 2 months paystubs
  - Complete copies of last 3 bank statements for all accounts
  - Complete copies of last 2 federal income tax returns (if required to file)
  - If you claim to also owe the IRS, you must include a current federal account transcript for each outstanding period and tax schedule.
  - Substantiation for any claims of special circumstances made in section 8 of [OIC-100](#) Explanation of Circumstances (copies of actual monthly expenses, court ordered payments, out-of-pocket medical expenses, physician's statements detailing illness, etc.)
  - Substantiation of claimed mortgages, vehicle liens and any other claimed judgments or liens
  - Additional information must be provided within the requested time frame
4. Liabilities must be final assessed by the Department in order to be considered for settlement. We cannot process an offer if any liability has not been final assessed.
  5. You must pay 20% of the amount offered in compromise (non-refundable) in certified funds when the offer is submitted. Exceptions exist for taxpayers whose income is below [federal poverty guidelines](#) or when a Third Party Affirmation form ([OIC-102](#)) is submitted with the offer.
  6. If your basis for compromise is reasonable doubt as to the amount of liability, please include a computation of the claimed corrected tax due, an explanation of how you arrived at the amount and any verifying documentation.

### Keep Copies!

*You should make copies of all documents submitted to the Department for your records. Do not send original copies with your offer in compromise to the Department since they will not be returned.*

# Step 3

*Reasonable  
Collection Potential  
(RCP) equals your  
net equity plus  
estimated collection  
potential from  
future income*

*The Department will  
provide you an  
electronic template for  
completing the  
Collection Statement  
and RCP/ down-  
payment calculations  
upon request*

## Determining the Amount of Your Offer & Required Down Payment

For any basis for compromise other than reasonable doubt as to the amount of liability, complete financial information **must** be provided. You must send information that reflects your financial situation for the three months immediately preceding the date you submitted your offer in compromise. Your offer amount must equal or exceed your reasonable collection potential (RCP) amount.

Individual taxpayers must submit form [RO-1062](#) Collection Information Statement for Individuals, with sections 1 through 10 completed. Proprietorships and self employed individuals should complete sections 1 through 12 of the [RO-1062](#).

Business entities (Corporations, partnerships, LLCs, etc.) should submit [RO-1063](#) Collection Information Statement for Businesses. Required documentation is listed under the signature line of the collection information statements.

The information provided in the collection information statements (*Form RO-1062 and RO-1063*) assists us in determining the RCP. The RCP equals the net equity of your assets plus the amount we project we could collect from your future income.

Information from the collection statements should be transferred to the worksheets on pages 11(individuals), 12 (businesses) and 13 (proprietor-

ships and self employed individuals) of this booklet. These worksheets will help you estimate your RCP and determine your minimum offer amount and required down payment. Electronic versions of these worksheets are available upon request.

If the Department's financial analysis indicates that you have the ability to fully pay the tax liability, either immediately or through an installment agreement, or you can pay a greater amount than that offered in compromise, your offer will be denied. You must offer an amount greater than or equal to the RCP amount. **All offer amounts must exceed zero.**

## How Does the Department Calculate the RCP?

The worksheets on pages 11, 12, and 13 are used to calculate the RCP. The form begins with the total of your liquid assets which includes cash on hand, average bank balance, investment account balances and cash value of all insurance policies. You must include your last 3 months statements for all accounts (checking, savings, and investments) and insurance policy statements with your offer.

The worksheets also assist in calculating equity in all property owned by using the quick sale asset value (QSV) method. The QSV is calculated by multiplying the asset's value by a discount factor. The Department allows you to discount property values to 80%. Real property asset value is calculated using the county tax value multiplied by 80% QSV discount minus any outstanding mortgage balances. The most current mortgage statements must be submitted with the offer for the loan to be allowed.

Purchased vehicle and other

licensed asset value is calculated using the NADA value multiplied by the 80% QSV discount minus any outstanding loan balance. The most current loan statements for each vehicle/licensed asset owned must be submitted with the offer for the loan to be allowed.

Asset values minus any liens superior to the Department's, such as those arising from IRS or county tax debts, will equal your total equity in assets held.

Next, the worksheets assist in calculating monthly disposable income by subtracting monthly allowable expenses from total monthly income. Calculate total monthly income using the average of 2 months paystubs, monthly pensions, social security, dividends, profit from business, alimony, child support, commissions or any other income sources.

Total allowable monthly expenses are calculated using Collection Financial Standards provided by the IRS for housing and utilities, food, clothing & other

items, vehicle operating costs, public transportation costs, vehicle loans, and medical costs as well as actual alimony, child support, day care expense, health and life insurance expense, IRS and estimated tax payments, and any court-ordered payments.

The calculated monthly disposable income is multiplied by 36 months and added to total equity in assets held to determine your RCP. Each taxpayer is also allowed up to \$2,000 in accounting/legal fees when documentation is provided. This allowance is solely for the preparation of the offer in compromise, and not for accounting fees accrued as a part of normal personal and business filings. The accounting/legal fees are subtracted from the reasonable collection potential in order to determine the net RCP.

The net RCP is the minimum amount that you should offer in compromise. **The offer amount must be greater than zero.**

## 20% Down-Payment Requirement

The Department requires a 20% down payment of the offer amount. This will be applied towards your tax liability and will not be refunded if the offer is later denied. Payment must be submitted in certified funds or by credit card. Offers received without the down payment will not be processed.

If your gross income falls below the [Federal Poverty Guidelines](#) or you attach a Third Party Affirmation form (OIC-102) with your offer, you may be exempted from this requirement.

The following figures are the 2019 HHS poverty guidelines which will be published in the Federal Register

### 2019 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA

Persons in family/household	Poverty guideline
For families/households with more than 8 persons, add \$4,420 for each additional person.	
1	\$12,490
2	\$16,910
3	\$21,330
4	\$25,750
5	\$30,170
6	\$34,590
7	\$39,010
8	\$43,430

## Does Offering the RCP Guarantee Acceptance of My Offer?

No. The Department performs an audit of your financial condition as a part of the review process. Failure to provide documentation to support income, expenses, and loan balances can impact the Department's calculation of the RCP and result in denial of your offer.

**Omitted Items** – If you omit income, assets, or other items of significance from your financial statement, your offer may be denied.

**History of Non-Compliance** – A history of regular or willful non-compliance with revenue statutes may constitute grounds for rejection of your offer.

**Insufficient Documentation** – If documentation for outstanding mortgage and loan balances for real and personal property

provided, the loan balances will not be allowed. In addition, claimed expenses for alimony, child support, day care, health and life insurance, IRS and estimated tax payments, and any court-ordered payments should be provided or the claimed expenses will be disallowed.

**Property Valuation** – The Department will assess the value of all property that you own. If the Department determines value of the property is greater than shown on your RCP worksheet and financial statement, your offer may be denied.

**Collected Taxes** – If your debt is based on taxes collected from others, but not remitted such as sales or employee withholding taxes, the offer may not be accepted.

**Earned Income** – If an attachment of earned income will collect more over the statutory period of collection than the amount offered, your offer may be denied.

**Installment Agreement** – If the current installment agreement will pay more over the statutory period of collection than the amount proposed in settlement, your offer may be denied.

**Other** – The law gives the Secretary the option to accept an offer but in no way requires it. In any instance where the Secretary determines that acceptance is not in the best interest of the State, the offer will be denied.

## Will Offers for Less Than RCP Be Considered?

If special circumstances cause you to offer an amount less than the RCP, you *must* complete Section 8, "Explanation of Circumstances," on Form OIC-100, explaining your situation. You *must* also attach to Form OIC-100 any documents to help support your special circumstances.

## Will Offers for My Interest Only in a Joint Income Tax Liability Be Considered?

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*In order to settle one person's interest in a joint income tax liability, you must qualify for Innocent Spouse Relief. You cannot be relieved of the liability through an offer in compromise.*

No. If you have filed a joint income tax return for the year(s) in which you are requesting relief, you must submit an offer in compromise from both parties that includes financial information from and has been signed by both parties.

Pursuant to G.S. § 105-153.8(e), a wife and husband filing jointly are treated as one taxpayer for the purpose of determining the tax imposed by this Part. A husband and wife filing jointly are jointly and severally liable for the tax imposed by this Part reduced by the sum of all credits allowable including tax payments made by or on behalf of the husband and wife.

In order to receive relief for your interest in a jointly filed income tax liability, you must qualify for Innocent Spouse Relief under N.C.G.S. § 105-153.8(e). If you request and qualify for Innocent Spouse Relief, you will be notified by the Department of your percentage of relief once your request has been processed. If you do not qualify for Innocent Spouse Relief, you will remain jointly and severally liable for the balance of tax, penalty and interest due. You cannot request an offer in compromise to settle your interest in the outstanding liability.



## What Do I Send with My Offer?

# Step 4

### Keep Copies!

*You should make copies of all documents submitted to the Department for your records. Do not send original copies with your offer in compromise to the Department since they will not be returned.*

1. [OIC-100](#) Form completed and signed (Pages 9 and 10)
  - 1a. If source of funds is “third party”, please attach completed Third Party Affirmation form (Page 14) ([OIC-102](#)) to [OIC-100](#)
2. [RO-1062](#) (Collection Information Statement for Individuals) or [RO-1063](#) (Collection Information Statement for Businesses) completed and signed
3. Supporting Documentation
  - If wage earner, last 2 months paystubs
  - Complete copies of last 3 bank statements for all accounts
  - Complete copies of last 2 federal income tax returns (if required to file)
  - If you claim to also owe the IRS, you must include a current federal account transcript for each outstanding period and tax schedule.
  - Substantiation for any claims of special circumstances made in section 8 of [OIC-100](#) Explanation of Circumstances (copies of actual monthly expenses, court ordered payments, out-of-pocket medical expenses, physician’s statements detailing illness, etc.)
  - Substantiation of claimed mortgages, vehicle liens and any other claimed judgments or liens
  - Additional information must be provided within the requested time frame.
4. Liabilities must be final assessed by the Department in order to be considered for settlement. We cannot process an offer if any liability has not been final assessed.
5. Copy of worksheet from page 10 (individuals), page 11 (businesses), or page 12 (proprietorships and self-employed individuals).
6. The Department requires a 20% down payment in certified funds of the offer amount unless your gross income is below [Federal Poverty Guide-lines](#) or you attach a [Third Party Affirmation form](#). This is non-refundable and will be applied against the outstanding liability.
7. If your basis for compromise is reasonable doubt as to the amount of liability, please include a computation of the claimed corrected tax due, an explanation of how you arrived at the amount, and any verifying documentation.
8. Information should be submitted to the NC Department of Revenue, Attn.: Offer in Compromise Unit at: 1500 Pinecroft Rd., Suite 300, Greensboro, NC 27407-3724.

# Step 5

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*A Certificate of Tax Liability may be filed at any time while your offer is being considered.*

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*Offer amounts must be paid in full with certified funds or by credit card when an offer is accepted. Payment plans are not accepted for offer funds.*

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*All requests for offers in compromise and payments should be remitted to:*

*NC Department of Revenue  
Attn: OIC Unit  
1500 Pinecroft Rd., Suite 300  
Greensboro, NC  
27407-3724*

## What Happens After My Offer Is Submitted?

*How we evaluate your offer in compromise:* First, the Offer in Compromise Unit makes an initial review of the file to determine whether the offer may be processed and may request additional documentation to verify the information you pro-

vide. Then completed offer packet is reviewed by the Offer in Compromise (OIC) Unit.

The OIC Unit performs an analysis of the information provided. You may be contacted if additional information or documen-

tation is needed.

The OIC Unit makes a recommendation to the Secretary of Revenue and/or his designee, who has the final approval for all offer in compromise decisions.

## Will Collection Actions Stop?

Not necessarily.

There are certain circumstances when the Department will suspend collection activities while we consider your offer.

After an offer is determined to be complete and submitted for processing, we will not act to

collect the tax liability while we consider and evaluate your offer.

We will also allow 14 days for you to respond after we send a letter notifying you of the Department's decision to deny your offer.

**It is important to note that the Department will not suspend collection if we determine that you submitted your offer to delay collection or cause a delay which will jeopardize our ability to collect the tax.**

## If Your Offer Is Accepted

The Department will notify you and your designated representative by mail if the offer is accepted and direct you to remit payment to the NC Department of Revenue, Attn.: Offer in Compromise Unit, at: 1500 Pinecroft Rd., Suite 300, Greensboro, NC 27407-3724. Payment of the accepted offer must be made in certified funds or by credit card by the payment due date as indicated on the acceptance letter (usually 30

days from date of the acceptance letter). The total amount due will be the accepted offer amount less the 20% down payment. *Installment payments made toward the account while the offer is being considered will not decrease the total amount due.*

**The Department cannot accept payment plans on an offer in compromise.**

A recorded Certificate of Tax Liability will be released when the Department receives payment of the accepted offer amount in certified funds or by credit card.

If an offer in compromise is accepted, the Department will not accept another offer in compromise for you for a period of 10 years after the acceptance date.

## If Your Offer Is Denied

*Notification:* You will be notified by mail if the offer is denied.

As part of the review process, the Department calculates the RCP. If your RCP is less than the total liability due but more than the amount offered, in most cases, the Department will include the calculated RCP in the denial letter and give you the option to offer this amount.

Offering the calculated RCP does not necessarily guarantee the Department will accept the offer. If you are unable to counter offer, you should immediately contact the Department to arrange payment of the entire liability.

*Installment Payments:* If immediate payment of the entire liability is not possible, you may

request payment through a Department-approved installment payment agreement.

**Appealing the Decision:** North Carolina statutes make no provision for appeal of a denied offer. The Department may reconsider a denied offer if there is a material change in the taxpayer's circumstances.



[OIC Checklist](#) Rev. 09/19

## N.C. DEPARTMENT OF REVENUE

### OFFER IN COMPROMISE CHECKLIST

- \_\_\_\_\_ 1. Have you filed the current year's tax return and paid any liabilities shown due in full?
- \_\_\_\_\_ 2. Have you filed all required tax returns and reports?
- \_\_\_\_\_ 3. Have you received a final notice of assessment for all NC taxes that you owe?
- \_\_\_\_\_ 4. Have you confirmed you are not the subject of an open or active bankruptcy case?

**If you answered "Yes" to these four questions, then please complete and return *every item* listed below.**

**If you answered "No" to any of these four questions, STOP, you have not met the basic requirements and your offer cannot be processed at this time.**

#### ITEMS:

- \_\_\_\_\_ 1. Offer in Compromise - Form OIC-100 (enclosed).
  - \_\_\_\_\_ 1a. 20% Down Payment in certified funds payable to NCDOR.
  - \_\_\_\_\_ 1b. Third Party Affirmation (if applicable) Form OIC-102 (enclosed).
- \_\_\_\_\_ 2. Collection Information Statement RO-1062 (Collection Statement for Individuals) or RO-1063 (Collection Information Statement for Businesses) (enclosed).

All business offers are required to attach a RO-1062 for each officer, partner or member.
- \_\_\_\_\_ 2b. OIC 101-A, OIC 101-B, or OIC 101-C
- \_\_\_\_\_ 3. Copy of last two (2) years Federal Income Tax returns, if required to file.

If not required to file, check here.

\_\_\_\_\_ Attach a written explanation signed and dated.
- \_\_\_\_\_ 4. Copy of last two (2) months paycheck stubs, if applicable.
- \_\_\_\_\_ 5. Copy of last three (3) months bank account statements for all accounts.
- \_\_\_\_\_ 6. Verification of any claimed health issue or disability.
- \_\_\_\_\_ 7. All documents or attachments listed under the signature line of the Collection Information Statements RO-1062 or RO-1063 including mortgage and vehicle loan statements.
- \_\_\_\_\_ 8. Copy of the federal account transcript for all periods if the taxpayer claims to also owe the IRS.

**Additional information may be requested after receipt of the Offer In Compromise.**

**Form OIC 100**

03/19

NORTH CAROLINA DEPARTMENT OF REVENUE  
**OFFER IN COMPROMISE****1) Name and Address of Taxpayer(s)**

Name	_____	Date	_____
Trading As	_____	Account ID	_____
Address	_____	SSN/FEDIN	_____
City	_____ State _____	Zip Code	_____

**2) Outstanding Liability**

Mark an "X" in the box for the correct tax type. Fill in the corresponding tax period(s) and amount(s) due.

<u>Tax Type</u>	<u>Period (s)</u>	<u>Amount of Liability*</u>
<input type="checkbox"/> Individual Income	_____	_____
<input type="checkbox"/> Sales & Use	_____	_____
<input type="checkbox"/> Withholding	_____	_____
<input type="checkbox"/> Other (specify) _____	_____	_____
* Include tax, penalty, and interest.		TOTAL \$ -

**3) Basis For Compromise:** (G.S. 105-237.1 authorizes compromises in the following situations. Check the appropriate block (s).)

- ☐ There is reasonable doubt as to the amount of the liability of the taxpayer under the law and the facts.
- ☐ The taxpayer is insolvent and the Secretary probably could not otherwise collect an amount equal to or in excess of the amount offered in compromise. A taxpayer is considered insolvent only in one of the following circumstances (check one):
- ☐ a. It is plain and indisputable that the taxpayer is clearly insolvent and will remain so in the reasonable future.
- ☐ b. The taxpayer has been determined to be insolvent in a judicial proceeding.
- ☐ Collection of a greater amount than that offered in compromise is improbable, and the funds or a substantial portion of the funds offered in the settlement come from sources from which the Secretary could not otherwise collect.
- ☐ A federal tax assessment arising out of the same facts has been compromised with the federal government on the same or a similar basis as that proposed to the State and the Secretary probably could not collect an amount equal to or in excess of that offered in compromise.
- ☐ Collection of a greater amount than that offered in compromise would produce an unjust result under the circumstances.
- ☐ The taxpayer is a retailer or a person under Article 5 of this Chapter; the assessment is for sales or use tax the retailer failed to collect or the person failed to pay on an item taxable under G.S. 105-164.4(a)(10) through (a)(15), and the retailer or person made a good-faith effort to comply with the sales and use tax laws. The subdivision expires for assessments issued after July 1, 2020.
- ☐ The assessment is for sales tax the taxpayer failed to collect or use tax the taxpayer failed to pay as a result of the change in the definition of retailer or the sales tax base expansion to (i) service contracts, (ii) repair, maintenance, and installation services, or (iii) sales transactions for a person in retail trade. The Secretary must determine that the taxpayer made a good-faith effort to comply with the sales and use tax laws. This subdivision applies to assessments for any reporting period beginning March 1, 2016, and ending December 31, 2022.

**4) Has any period listed above been compromised with the Internal Revenue Service? \_\_\_\_\_ If yes, attach a copy of the submitted offer, federal acceptance letter, and total amount due.****5) Amount of Offer:** \_\_\_\_\_**6) 20% Down Payment** \_\_\_\_\_  
in certified funds: 20% x Line 5**7) Sources of Funds:** \_\_\_\_\_

\* If source of funds is "third party", attach form OIC-102.

see page 2

### **8) Explanation of Circumstances**

I am requesting an offer in compromise for the reason(s) listed below:

**Note:** *If you are requesting a compromise based on doubt as to liability, explain why you do not believe you owe the tax. If you think you have special circumstances affecting your ability to fully pay the amount due, explain your situation. You may attach additional sheets if necessary.*

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Signature \_\_\_\_\_  
Date \_\_\_\_\_  
Telephone No. \_\_\_\_\_

## Calculating the RCP and Down Payment - Individuals

### Worksheet for Offer in Compromise - Individual

Must complete RO-1062 prior to completion of worksheet

Form OIC 101-A

#### Step 1: Assessing Liquid Assets - Section 3

Cash on Hand - Line 12

Average Bank Balance- line 13e

Investment account balance (stocks, bonds, retirement) - Line 14d

Cash value of insurance policy - Line 15c

TOTAL LIQUID ASSETS


A

#### Step 2: Real Property - Section 4

County Tax Value

--

x

80%

QSV

-

Loan Balance

--

=

Asset Value

--

B

Section 4 Line 16c

Section 4 Line 16d

#### Step 3: Purchased Vehicle/ Other Licensed Asset -Section 5

NADA Value

--

x

80%

QSV

-

Loan Balance

--

=

Asset Value

--

C

Section 5 Line 17c

Section 5 Line 17d

#### Step 4: Subtracting Judgments/Liens -Section 7

Balance due

--

D

Section 6 Line 18d

#### Step 5: Total Equity in Assets Held

--

E

(A+B+C)-D= E

#### Step 6: Disposable Income Analysis -Section 10

Total Monthly Income (line 33)

Wages, pensions, Social Security, dividends, profit from business, alimony, child support, commissions, other

--

F

Section 8 Line 33

Less

Total Monthly Expenses (line 43)

Housing and Utilities, Vehicle ownership & operating costs, food & clothing, health & life insurance, out-of-pocket medical, alimony, child support, and other court-ordered payments, child care, tax payments

--

G

Section 8 Line 43

Disposable Monthly Income:

--

H

F-G= H

#### Step 7: Proposed Offer Amount

\*\*Do not enter amounts below \$0.00. If equity in assets or disposable income calculations are less than \$0.00, enter \$0.00.

Equity in Assets Held (E)

--

I

Disposable Monthly Income (H)

x

36 (months)

--

J

H x 36

Reasonable Collection Potential

--

K

I + J = K

Allowance for Accounting/Legal Fees (not to exceed \$2,000-must provide receipt)

--

L

Proposed Amount Offered In Compromise (must be greater than 0)

--

M

K-L=M

20% Deposit (see instructions for exceptions)

--

N

M x 20% = O

Refer to  
RO-1062  
Collection  
Statement for  
Individuals when  
completing this  
form

The Department  
allows you to  
discount property  
values to 80%.  
This is referred to  
as Quick Sale  
(QSV) value

## Calculating the RCP and Down Payment - Business Entities

### Worksheet for Offer in Compromise - Business

Must complete RO-1063 prior to completion of worksheet

[Form OIC 101-B](#)

#### Step 1: Assessing Business Assets- Section 4

Cash on Hand - Line 15

Total Cash in Banks - Line 16d

Accounts/Notes Receivable - Line 18f

Total Investments (stocks, bonds, mutual funds, stock options, CDs) - line 19c

Total Credit Available - Line 20c

Total Business Assets


A

#### Step 2: Real Property -Section 4

County Tax Value

x

80%

-

Loan Balance

Asset Value

B

Section 4 Line 21e

QSV

Section 4 Line

#### Step 3: Vehicles, Leased and Purchased -Section 4

NADA Value

x

80%

-

Loan Balance

= Asset Value

C

Section 4 Line 22e

QSV

Section 4 Line

#### Step 4: Business Equipment - Section 4

Fair Market Value

x

80%

-

Loan Balance

= Asset Value

D

Section 4 Line 23e

QSV

Section 4 Line

#### Step 5: Business Liens, Judgments and Other Liabilities - Section 4

Balance due

E

Line 24d

#### Step 6: Total Equity in Assets Held

F

(A+B+C+D)-E= F

#### Step 7: Disposable Income Analysis -Section 5

Total Monthly Income (Line 35)

G

Less

Total Monthly Expenses (Line 48)

H

Disposable Monthly Income:

I

G-H= I

#### Step 8: Proposed Amount Offered In Compromise (must be greater than 0).

**\*\*Do not enter amounts below 0. If equity in assets or disposable income calculations are less than 0, enter 0.**

Equity in Assets Held (F)

J

Disposable Monthly Income (I)

x

36 (months)

K

I X 36

**Reasonable Collection Potential (RCP)**

L

J+K=L

Allowance for Accounting/Legal Fees (not to exceed \$2,000-must provide receipt)

M

Proposed Amount Offered In Compromise (must be greater than \$0.00)

N

L-M =N

20% Deposit (see instructions for exceptions)

O

N x 20% = O

Refer to  
RO-1063  
Collection  
Statement for  
Businesses when  
completing this  
form

The Department  
allows you to  
discount property  
values to 80%.  
This is referred to  
as Quick Sale  
(QSV) value

# Calculating the RCP and Down Payment - Self Employed Individuals

## Worksheet for Offer in Compromise - Self Employed Individuals

Form OIC 101-C

Must complete RO-1062 prior to completion of worksheet

### Step 1: Assessing Liquid Assets - Section 3

Cash on Hand - Line 12

Average Bank Balance- line 13e

Investment account balance (stocks, bonds, retirement) - Line 14d

Cash value of insurance policy - Line 15c

TOTAL LIQUID ASSETS


A

### Step 2: Real Property - Section 4

County Tax Value

x

80%

QSV

-

Loan Balance

=

Asset Value

B

Section 4 Line 16c

Section 4 Line 16d

### Step 3: Purchased Vehicle/ Other Licensed Asset -Section 5

NADA Value

x

80%

QSV

-

Loan Balance

=

Asset Value

C

Section 5 Line 17c

Section 5 Line 17d

### Step 4: Subtracting Judgments/Liens -Section 7

Balance due

D

Section 6 Line 18d

### Step 5: Total Equity in Assets Held

E

(A+B+C)-D= E

### Step 6: Disposable Income Analysis -Section 10

Total Monthly Income (line 33)

Wages, pensions, Social Security, dividends, profit from business, alimony, child support, commissions, other

F

Section 8 Line 33

Less

Total Monthly Expenses (line 43)

Housing and Utilities, Vehicle ownership &amp; operating costs, food &amp; clothing, health &amp; life insurance, out-of-pocket medical, alimony, child support, and other court-ordered payments, child care, tax payments

G

Section 8 Line 43

Disposable Monthly Income:

H

F-G= H

### Step 7: Proposed Offer Amount

\*\*Do not enter amounts below \$0.00. If equity in assets or disposable income calculations are less than \$0.00, enter \$0.00.

Equity in Assets Held (E)

I

Disposable Monthly Income (H)

x

36 (months)

J

HX 36

Reasonable Collection Potential

K

I + J = K

Allowance for Accounting/Legal Fees (not to exceed \$2,000-must provide receipt)

L

Proposed Amount Offered In Compromise (must be greater than 0)

M

K-L=M

20% Deposit (see instructions for exceptions)

N

M x 20% = O

Refer to  
RO-1062  
Collection  
Statement for  
Individuals when  
completing this  
form

The Department  
allows you to  
discount property  
values to 80%.  
This is referred to  
as Quick Sale  
(QSV) value



[Form OIC-102](#)  
(06-12)

NORTH CAROLINA DEPARTMENT OF REVENUE

**Third Party Affirmation of Offered Amount**

Taxpayer Name: \_\_\_\_\_

Taxpayer SSN/FEIN: \_\_\_\_\_

Amount Offered: \_\_\_\_\_

I, \_\_\_\_\_ (third party name), will provide \$ \_\_\_\_\_ (amount of offer) in certified funds for \_\_\_\_\_ (taxpayer name) payable to the North Carolina Department of Revenue within 30 days after acceptance of the offer in compromise.

Printed Third Party Name: \_\_\_\_\_

Third Party Address: \_\_\_\_\_

Third Party Signature: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
State  
\_\_\_\_\_  
County

"I, \_\_\_\_\_, a Notary Public for said County and State, do hereby certify that \_\_\_\_\_ personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal, this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_, 20 \_\_\_\_.